

Consolidated Financial Report
for the Third Quarter 2022 (Unaudited)(Japan GAAP)
AnGes, Inc. <https://www.anges.co.jp/en/>

Listings: Growth of the Tokyo Stock Exchange, Code 4563
 Head Office: 7-7-15, Saito-Asagi, Ibaraki, Osaka, 567-0085, Japan

(Figures are rounded down to the nearest million yen)

1. Business Results for the Third Quarter 2022 (From Jan. 1, 2022 to Sep. 30, 2022)

(1) Results of Operations (Percentages indicate changes from the same period of the previous fiscal year)

	Revenues		Operating loss		Ordinary loss		Net loss	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q 2022	45	3.1	(12,455)	—	(10,062)	—	(10,194)	—
3Q 2021	44	56.9	(12,163)	—	(11,823)	—	(11,952)	—
<i>*Comprehensive Income</i>		3Q 2022 : (5,803) million yen		3Q 2021 : (10,359) million yen				

	Net loss per share	Diluted net loss per share
	Yen	Yen
3Q 2022	(66.60)	—
3Q 2021	(82.25)	—

(2) Financial Position

	Total assets	Total net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Sep. 30, 2022	39,895	32,830	82.1
Dec. 31, 2021	45,455	38,634	84.8

**Shareholder's equity* Sep. 30, 2022 : 32,742 million yen Dec. 31, 2021 : 38,545 million yen

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	4Q	Full-year
	Yen	Yen	Yen	Yen	Yen
FY 2021	—	0.00	—	0.00	0.00
FY 2022	—	0.00	—	—	—
FY 2022 (Forecast)	—	—	—	0.00	0.00

**Change of dividend forecast from the most recent release:* None

3. Earnings Forecast for the Fiscal Year 2022 (From Jan. 1, 2022 to Dec. 31, 2022)

**The financial forecast for the fiscal year 2022 is not stated because the reasonable financial forecast cannot be calculated at this time.*

Notes:

(1) Change of reporting entities (change of condition of significant consolidated subsidiaries) : None

(2) Accounting procedure peculiar to the quarterly consolidated financial statements : None

(3) Change of significant accounting and reporting policies for consolidated financial statements

1) Changes caused by revision of accounting standard : Applicable

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Restatement : None

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding (including treasury shares)	Sep. 30, 2022	153,073,900 shares	Dec. 31, 2021	153,072,400 shares
2) Number of treasury shares	Sep. 30, 2022	92 shares	Dec. 31, 2021	92 shares
3) Average number of shares issued and outstanding	3Q 2022	153,073,292 shares	3Q 2021	145,319,310 shares

**Performance forecasts or any other future events contained in this report are based on currently available information which are believed to be reasonable at the time of forecasts. Actual results may differ from the forecasts due to various factors.*

***This financial report has been translated from Japanese original which has been prepared in accordance with generally accepted accounting principles in Japan, for reference purposes only. Also some changes are added to this report in order to present in a form more familiar to the readers outside Japan.*

AnGes, Inc
Consolidated Balance Sheets
(In thousands of yen)
(Unaudited)

	December 31, 2021	September 30, 2022
Assets		
Current assets		
Cash and deposits	17,899,341	10,051,965
Accounts receivable - trade	10,264	11,221
Finished goods	29,120	5,755
Raw materials and supplies	1,194,629	1,511,833
Advance payments to suppliers	1,714,027	440,567
Prepaid expenses	89,435	69,106
Consumption taxes receivable	419,878	293,147
Other	69,446	76,216
Total current assets	21,426,143	12,459,814
Non-current assets		
Property, plant and equipment		
Buildings	202,299	114,413
Accumulated depreciation	(23,566)	(31,363)
Buildings, net	178,733	83,050
Tools, furniture and fixtures	83,400	57,388
Accumulated depreciation	(68,805)	(49,787)
Tools, furniture and fixtures, net	14,594	7,601
Total property, plant and equipment	193,328	90,651
Intangible assets		
Goodwill	22,675,739	26,169,660
Total intangible assets	22,675,739	26,169,660
Investments and other assets		
Investment securities	878,706	854,226
Leasehold and guarantee deposits	97,834	103,985
Deferred tax assets	110,510	127,825
Other	73,484	89,183
Total investments and other assets	1,160,535	1,175,220
Total non-current assets	24,029,603	27,435,532
Total assets	45,455,746	39,895,346

AnGes, Inc
Consolidated Balance Sheets
(In thousands of yen)
(Unaudited)

	December 31, 2021	September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	720,706	582,789
Accounts payable - other	636,748	466,402
Accrued expenses	80,363	93,772
Income taxes payable	134,319	66,673
Advances received	5,119,753	5,764,004
Deposits received	41,542	12,829
Total current liabilities	6,733,433	6,986,471
Non-current liabilities		
Deferred tax liabilities	19,097	13,771
Asset retirement obligations	68,474	64,289
Total non-current liabilities	87,571	78,060
Total liabilities	6,821,005	7,064,531
Net assets		
Shareholders' equity		
Share capital	33,359,568	33,360,150
Capital surplus	15,680,893	15,681,474
Retained earnings	(12,435,475)	(22,630,286)
Treasury shares	(31)	(31)
Total shareholders' equity	36,604,955	26,411,306
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,441	24,230
Foreign currency translation adjustment	1,904,012	6,307,106
Total accumulated other comprehensive income	1,940,453	6,331,337
Share acquisition rights	89,332	88,171
Total net assets	38,634,741	32,830,814
Total liabilities and net assets	45,455,746	39,895,346

AnGes, Inc
Consolidated Statements of Operations
(In thousands of yen)
(Unaudited)

	The Third Quarter	
	(From Jan. 1 to Sep.30)	
	2021	2022
Business revenues		
Net sales of finished goods	30,807	7,735
Commission income	13,714	38,170
Total business revenues	44,522	45,905
Business expenses		
Cost of sales	39,392	73,436
Research and development expenses	8,490,503	8,527,789
Selling, general and administrative expenses	3,678,017	3,899,947
Total business expenses	12,207,914	12,501,173
Operating loss	(12,163,392)	(12,455,267)
Non-operating income		
Interest income	523	1,548
Foreign exchange gains	369,598	2,015,615
Subsidy income	31,792	369,942
Commission income	8,902	6,776
Gain on investments in investment partnerships	26,343	-
Miscellaneous income	391	6,235
Total non-operating income	437,552	2,400,118
Non-operating expenses		
Share issuance costs	96,141	6,988
Loss on investments in investment partnerships	-	806
Share acquisition rights issuance costs	1,798	-
Total non-operating expenses	97,939	7,794
Ordinary loss	(11,823,779)	(10,062,943)
Extraordinary income		
Gain on reversal of share acquisition rights	32,844	-
Total extraordinary income	32,844	-
Extraordinary losses		
Impairment losses	-	104,800
Loss on valuation of investment securities	163,203	6,048
Total extraordinary losses	163,203	110,849
Loss before income taxes	(11,954,138)	(10,173,792)
Income taxes - current	22,758	26,152
Income taxes - deferred	(23,988)	(5,133)
Total income taxes	(1,229)	21,019
Loss	(11,952,909)	(10,194,811)
Loss attributable to owners of parent	(11,952,909)	(10,194,811)

AnGes, Inc
Consolidated Statements of Comprehensive Income
(In thousands of yen)
(Unaudited)

	The Third Quarter	
	(From Jan. 1 to Sep.30)	
	2021	2022
Loss	(11,952,909)	(10,194,811)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,518)	(12,210)
Foreign currency translation adjustment	1,600,199	4,403,094
Total other comprehensive income	1,593,680	4,390,883
Comprehensive income	(10,359,228)	(5,803,928)
Comprehensive income attributable to		
owners of parent	(10,359,228)	(5,803,928)
non-controlling interests	-	-

Main pipeline products

Conditional and time-limited approval system

Project	Area	Partner	Dosage Form	Indication	Development stage
HGF gene therapy product	Japan	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>	Injection	Chronic arterial occlusive disease with lower limb ulcer	Post Marketing Surveillance

Approval process

Project	Area	Partner	Dosage Form	Indication	Development stage
HGF gene therapy product	USA	Mitsubishi Tanabe Pharma Corporation (JP) <i>Marketing Rights</i>	Injection	Arteriosclerosis obliterans with lower limb ulcer	Phase II b
	Israel	Kamada	-	Chronic arterial occlusive disease with lower limb ulcer	Preparing for application
	Turkey	Er-Kim	-	Chronic arterial occlusive disease with lower limb ulcer	Preparing for application
NF-κB Decoy Oligonucleotide	USA	-	Injection	Chronic disconegetic lumbar back pain	Phase I Completed
DNA Vaccine	Australia	-	Injection	Hypertension	Phase I / II a Completed
DNA Vaccine	Japan/ Oversea	-	Intranasal formulation	Novel coronavirus (COVID-19)	Pre-clinical
Tie2 agonists	USA	Vasomune (Canada)	-	Novel coronavirus (COVID-19) /ARDS	Preparing for Phase II a
Lonafarnib	Japan	Eiger (USA)	Capsule	Hutchinson-Gilford progeria syndrome /Progeroid laminopathies	Preparing for application

*In addition to the above projects, the development pipeline includes drugs for chronic hepatitis B in the exploratory, basic research and pre-clinical stages.

EmendoBio's pipeline

Project	Area	Indication	Development stage
Development of genome editing	USA	Severe Congenital Neutropenia	IND-enabling
		Diseases in hematology, ophthalmology, immuno-oncology, etc.	Pre-clinical

* <https://www.emendobio.com/our-science/pipeline/>